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203

Current Support Brief

MOSCOW TAKES NEW ADMINISTRATIVE STEP
TO IMPROVE CONSUMER PROGRAM



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MOSCOW TAKES NEW ADMINISTRATIVE STEP
TO IMPROVE CONSUMER PROGRAM

The Soviet consumer durables industry -- washing machines, refrigerators, and the like -- is now to be guided by a national agency set up exclusively for that purpose. Early this month, Moscow announced the creation of the All-Union Association for Electrical Household Machines and Appliances under the jurisdiction of the USSR Economic Council (Sovnarkhoz). This marks a major turning point for the industry, which until very recently has been operated mainly as a subsidiary to machine building plants engaged primarily in industrial work of a higher priority. Control of the industry has been notably fragmented, both nationally and locally, and its product has suffered from a variety of problems, including inadequate support in both materials and technology, poor planning, the absence of standard designs and research facilities, and insufficient specialization.

The creation of the new agency undoubtedly reflects Moscow's desires to put the industry on a sounder administrative footing and to overcome some of the worst handicaps of the past. There is no indication in the announcement, however, that this step is to be accompanied by an enlarged investment program. Although production of modern household goods has increased very rapidly in recent years, the industry at its present rate of growth cannot hope to satisfy demand for many years to come.

1. Background

Except for sewing machines, scarcely any household appliances were produced in the USSR before World War II -- series production of refrigerators did not begin until 1951.

When production of consumer durables was being set up in the USSR, the immediate problem was to organize production quickly and inexpensively and with a minimum of disturbance to an economic system geared to heavy industry and expanding scientific frontiers. Consequently, planners did not see fit to establish an appliance industry in the Western sense but relegated such production to the part of industry that came closest to having the engineering skills and capital equipment needed to handle the task -- the machine building industry. Even then, the program was not provided with the able designers, the specialized equipment, and the materials needed for a first-rate program. Thus

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production of appliances developed as a sideline in subsidiary shops of automobile, electrical machinery, and other machine building plants.* For designs and engineering technology, engineers have been forced to depend on Western publications and in some cases on outright copying of Western models.

2. Organization

Under such a condition, planning has been piecemeal and ineffective. Before the creation of the present association, several national state committees (such as the one for machine building and the one for electrical equipment) under the State Planning Committee held responsibility for directing production of consumer durables and for determining such things as product list, assignment of new products, and establishment of research institutes to promote and coordinate the development of improvements in technology and design. The Soviet press, however, is replete with signs that plant managers -- particularly those engaged in more important mainline activities -- have found such "guidance" easy to ignore. For example, a Latvian factory in 1961 was told to produce a new model of a semiautomatic washing machine, but, as of this year, it continued to produce an obsolete wringer model. Likewise, the state committees have failed to promote and coordinate design; the 42 plants making washing machines at present produce 45 different models. Of the 23 plants producing refrigerators, each has its own model, and there are 10 different standard sizes. Under such conditions, bizarre incidents sometimes occur. Recently the Soviet press chastised a refrigerator manufacturer who had adopted the design of a refrigerator made at another plant that had stopped producing the unit shortly before because it was obsolete.

During the last several years the Soviet authorities have made some effort to rectify this situation. New plants are now being constructed that are devoted exclusively to production of household appliances, and a few plants formerly of the sideline variety are now specializing completely in consumer durables.

3. Recent Developments

The creation of the All-Union Association for Electrical Household Machines and Appliances earlier this month is the latest step in Moscow's

* Many US industrial corporations manufacture a great variety of products. However, output usually is highly specialized on a plant-by-plant basis.

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efforts to bring greater unity to the industry, hopefully to spur production and improve quality. The association is to coordinate all work in developing specialized plants. The association also is charged with approving all technical specifications and plans for materials, supplies, and component parts used by the industry and will carry on an extensive publishing effort (at present, there is not a single national magazine devoted exclusively to the field of household appliances). With the approval of the State Committee for Trade, the association will have the right to remove "uneconomic" and obsolete goods from production. In addition, the association is to set up a national research institute with local experimental plants for testing new designs. According to the announcement the decisions of the association are obligatory for all organizations involved in this type of production.

It is not clear from the announcement how the association is to work with the several state committees that previously have had some responsibility for production of consumer durables. Presumably, where a state committee continues to have primary interest in a plant -- say, one that produces electrical equipment for heavy industry as its main line -- then that committee would continue to have a voice in the subsidiary production of consumer durables taking place at the plant. It seems clear, however, from the announcement that the emphasis in the future is to be on the development of plants exclusively specializing in consumer durables. Such specialization would reduce gradually the instances of such overlapping authority.

The influence of the new association will be limited by the priority assigned to the industry by Moscow's economic policymakers. Although fairly large increases in production for consumer durables are planned for the immediate years ahead, there has been no major new public commitment of support by the regime for the industry in several years, and, in recent months, planners have spoken in terms of improvement of quality rather than of new programs for output. It seems certain, however, that the Soviet leadership is concerned over the continuing failure of the industry to satisfy even a modicum of consumer demand and is seeking solutions within the restraints imposed by programs of a higher order of priority.

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15 October 1964

MEMORANDUM FOR: Chief, Dissemination Control Branch, DD/CR
FROM : Chief, Publications Staff, ORR
SUBJECT : Transmittal of Material

It is requested that the attached copies of CIA/RR CB 64-63, The Soviet Poultry Program: A New Claimant on Economic Resources, September 1964, Confidential, be forwarded as follows:

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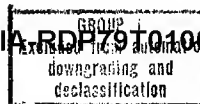
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